United Nations ST/SGB/2013/4/Amend.1

Secretariat

4 December 2018

Secretary-General's bulletin

Financial Regulations and Rules

1. The Secretary-General hereby promulgates the amendments to the Financial Rules of the United Nations below.

2. The amended Financial Rules should be understood to facilitate the implementation of the new delegation of authority framework that will enter into effect on 1 January 2019, as set out in Secretary-General's bulletin ST/SGB/2019/2.

3. The texts of the corresponding financial rules in Secretary-General's bulletin ST/SGB/2013/4 are replaced by the provisions below. Unless expressly provided herein, all other financial rules in Secretary-General's bulletin ST/SGB/2013/4 remain in effect.

4. Until further notice, Secretary-General's bulletins ST/SGB/2013/4, as amended by the present bulletin, and ST/SGB/2015/4, as amended by ST/SGB/2015/4/Amend.1, constitute the Financial Regulations and Rules of the United Nations and the supplement thereto.

Article I
General provisions

Rule 101.1

The Financial Rules are promulgated by the Secretary-General in accordance with the provisions of the Financial Regulations approved by the General Assembly. They shall govern all the financial management activities of the United Nations except as may otherwise explicitly be provided by the Assembly or unless specifically exempted therefrom by the Secretary-General. The Secretary-General may delegate authority and responsibility for the implementation of specified aspects of the Financial Regulations and Rules to those officials whom the Secretary-General designates and who shall be accountable to the Secretary-General for the effective and efficient stewardship of the Organization's resources and the exercise of economy. The Secretary-General shall issue written instructions to such officials on the further delegation of authority for specified aspects of the Financial Regulations and Rules. Such written instructions will state whether the delegated official may further assign and delegate aspects of this authority to other officials. In the application of the

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Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy.

Rule 101.3[1]

For the purpose of these Rules, "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions.

Article II
Budgets

Rule 102.1

(a) The Secretary-General shall decide on the programme content and resource allocation of the proposed programme budget to be submitted to the General Assembly.

(b) The Secretary-General shall prepare programme budget proposals for the forthcoming budget period in accordance with the Financial Regulations and Rules and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

Rule 102.3

The Secretary-General shall arrange for the publication of the programme budget as approved by the General Assembly.

Rule 102.5

(a) The Secretary-General shall prepare revised and supplementary programme budget proposals.

(b) The Secretary-General shall decide on the programme content and resource allocation of all revised and supplementary programme budget proposals to be submitted to the General Assembly.

Rule 102.6

The Secretary-General is responsible for preparing and presenting to relevant legislative bodies the statements on programme budget implications required by regulation 2.10.

Rule 102.7

(a) Authorizations to incur commitments in accordance with General Assembly resolutions relating to unforeseen and extraordinary expenses shall be issued by the Secretary-General.

(b) The Secretary-General shall report to the General Assembly on the status of all commitments relating to unforeseen and extraordinary expenses in the performance reports on the programme budget.

[1] The definitions in rule 101.3 (b) and (c) as set forth in Secretary-General's bulletin ST/SGB/2013/4 are deleted.

Rule 102.8

(a) The Secretary-General shall decide on the objectives, expected accomplishments, outputs, activities and resource allocation in all peacekeeping operation budgets submitted to the General Assembly.

(b) Budget estimates for peacekeeping operations shall be prepared in accordance with the requirements of the General Assembly.

Article III
Contributions and other income

Rule 103.1

The Secretary-General shall comply with regulation 3.4 within 30 days of the General Assembly's decision to approve or revise the programme budget and the level of the Working Capital Fund. Requests for the payment of assessed contributions and advances to the Working Capital Fund shall also inform Member States of the extent to which and the conditions under which their contributions and advances may be paid in currencies other than the United States dollar.

Rule 103.2

At the beginning of each calendar year, the Secretary-General shall determine the assessment base on which non-member States are called upon to make contributions, calculate the required contribution of each non-member State applying criteria approved by the General Assembly and inform each non-member State accordingly.

Rule 103.3

(a) To the extent authorized by the General Assembly, and notwithstanding regulation 3.10, assessed contributions and advances to the Working Capital Fund may be paid in currencies other than the United States dollar if the Secretary-General is satisfied that:

(i) The currencies are required to meet expenses to be settled in the same currencies;

(ii) The currencies represent freely transferable and readily usable funds throughout the country within which they are to be used, or the donor country, if different, without the need for further negotiations with regard to exchange or other regulations or controls.

(b) The equivalent, in United States dollars, of contributions paid in other currencies is calculated at the most favourable rate of exchange available to the United Nations on the date of payment (normally the market buying rate).

Rule 103.4

(a) In cases other than those approved by the General Assembly, the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires the approval of the Secretary-General.

(b) Voluntary contributions, gifts or donations that directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the General Assembly.

(c) Gifts or donations are to be defined and administered as voluntary contributions.

Rule 103.6

(a) The United Nations shall receive moneys, issue official receipts and deposit moneys in an official bank account on a timely basis for the recording in the accounts in accordance with the procedures established by the Secretary-General.

(b) If officials other than those designated by the Secretary-General receive money intended for the United Nations, they must promptly convey this money to an official authorized to issue an official receipt.

Article IV
Custody of funds

Rule 104.1

Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the General Assembly and only with the approval of the Secretary-General.

Rule 104.2

Advances from the Peacekeeping Reserve Fund may be made only for the purposes and within the terms and conditions prescribed, as appropriate, by the Security Council, the General Assembly and the Advisory Committee and only with the approval of the Secretary-General.

Rule 104.3

Trust funds and reserve and special accounts may be established by the General Assembly or the Secretary-General in respect of specific activities entrusted to the Organization. In respect of trust funds and reserve and special accounts established under the authority of the Secretary-General, he or she shall determine their purposes and limits.

Rule 104.4

The Secretary-General shall designate the banks in which the funds of the United Nations shall be kept, shall establish all official bank accounts required for the transaction of United Nations business and shall designate those officials to whom signatory authority is delegated for the operation of those accounts. The Secretary-General shall also authorize all bank account closures. United Nations bank accounts are to be opened and operated in accordance with the following guidelines:

(a) Bank accounts shall be designated "official accounts of the United Nations" and the relevant authority shall be notified that those accounts are exempt from all taxation;

(b) Banks shall be required to provide prompt statements;

(c) Two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment;

(d) All banks shall be required to recognize that the Secretary-General is authorized to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the United Nations.

Rule 104.7

Offices away from Headquarters shall obtain their funds through remittances from Headquarters, as required. In the absence of a special authorization from the Secretary-General, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for the next month.

Rule 104.8

(a) Petty cash advances and Cashier's Fund advances may be made only by and to officials designated for this purpose by the Secretary-General.

(b) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be defined by the Secretary-General.

(c) The Secretary-General may approve other cash advances as may be permitted by the Staff Regulations and Rules and administrative instructions and as may otherwise be authorized in writing by him or her.

(d) A payee's written receipt shall be obtained for all disbursements of cash advances.

Rule 104.9

Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Secretary-General.

Rule 104.10

(a) All disbursements shall be made by electronic funds transfer, by wire transfer or by cheque except to the extent that cash disbursements are authorized by the Secretary-General.

(b) Disbursements shall be recorded in the accounts as at the date on which they are made.

Rule 104.11

Every month, unless an exception is authorized by the Secretary-General, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 104.4. This reconciliation must be performed by an official playing no actual part in the receipt or disbursement of funds; if the staffing of an outposted office makes this impracticable, alternative arrangements may be authorized by the Secretary-General.

Rule 104.12

(a) The Secretary-General may delegate the authority to make and prudently manage investments.

(b) The Secretary-General shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.

Rule 104.14

(a) All investments shall be made through and maintained by recognized financial institutions designated by the Secretary-General.

(b) All investment transactions, including the withdrawal of invested resources, require the authorization and signature of two officials designated for that purpose by the Secretary-General.

Rule 104.16

(a) Any investment losses must be accounted for and reported in accordance with policies established by the Secretary-General and the International Public Sector Accounting Standards.

(b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.

Article V
Utilization of funds

Rule 105.1

The Secretary-General shall obtain the approval of the Advisory Committee in order to transfer credits between programme budget appropriations in those instances where the General Assembly has delegated its authority under regulation 5.6 to the Committee.

Rule 105.2

In accordance with regulation 5.7, the Secretary-General is authorized to approve commitments against future budget periods. The Secretary-General shall disclose the commitments against future budget periods in a note to the financial statements in accordance with the International Public Sector Accounting Standards. Such commitments shall constitute the first charges against relevant appropriations once they are approved by the General Assembly.

Rule 105.3

The utilization of all funds requires the prior authorization of the Secretary-General. Such authorization may take the form of:

(a) An allotment of funds or other authorization to incur commitments and expend specified funds for specified purposes during a specified period; or

(b) An authorization to employ staff against an approved staffing table.

Rule 105.5

(a) One or more officials shall be designated by the Secretary-General as the certifying officer(s) for the account(s) pertaining to a section or subsection of an approved budget. Certifying authority and responsibility is assigned on a personal basis and cannot be delegated. A certifying officer cannot exercise the approving functions assigned in accordance with rule 105.6.

(b) Certifying officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness, and the Financial Regulations and Rules of the United Nations. Certifying officers must maintain detailed records of all commitments, disbursements and expenses against the accounts for which they have been delegated responsibility. They must be prepared to submit any supporting documents, explanations and justifications requested by the Secretary-General.

(c) In cases where the goods/services received and the invoice received are consistent with the details of the commitment, the certification may be deemed to have taken place at commitment.

Rule 105.6

(a) Approving officers are designated by the Secretary-General to approve the entry into the accounts of commitments, disbursements and expenses relating to contracts, agreements, purchase orders and other forms of undertaking after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that the necessary goods and services have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered and, if the cost exceeds $4,000 (or its equivalent in other currencies), in accordance with the purpose for which the relevant financial commitment was established. Approving officers must maintain detailed records and must be prepared to submit any supporting documents, explanations and justifications requested by the Secretary-General.

(b) Approving authority and responsibility is assigned on a personal basis and cannot be delegated. An approving officer cannot exercise the certifying functions assigned in accordance with rule 105.5 or the bank signatory functions assigned in accordance with rule 104.5.

(c) In cases where the goods/services received and the invoice received are consistent with the details of the commitment, the approval may be deemed to have taken place at commitment.

Rule 105.10

The payment of reimbursements to Member States, based upon rates and peacekeeping operation budgets approved by the General Assembly, may be made only with the approval of the Secretary-General.

Rule 105.11

(a) Management and other support services may be provided to Governments, specialized agencies and other international and intergovernmental organizations or in support of activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis consistent with the

policies, aims and activities of the United Nations, with the approval of the Secretary-General.

(b) Each management and support services arrangement shall be covered by a written agreement between the United Nations and the entity on whose behalf the services are to be provided. Such agreements shall, inter alia, specify the services which the United Nations is to provide in return for full reimbursement to the United Nations of any costs incurred by it in providing those services.

Rule 105.12

Ex gratia payments may be made in cases where, although in the opinion of the United Nations Legal Counsel there is no clear legal liability on the part of the United Nations, payment is in the interest of the Organization. A summary statement of all ex gratia payments shall be provided to the Board of Auditors not later than three months following the end of the financial period. The approval of the Secretary-General is required for all ex gratia payments.

Rule 105.13

(a) The Secretary-General is responsible for the procurement functions of the United Nations, shall establish all United Nations procurement systems and shall designate the officials responsible for performing procurement functions.

(b) The Secretary-General shall establish review committees, at Headquarters and other locations, to render written advice to him or her on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as purchase orders and contracts that involve income to the United Nations. The Secretary-General shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.

(c) Where the advice of a review committee is required, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received. In cases where the Secretary-General decides not to accept the advice of such a review committee, he or she shall record in writing the reasons for that decision.

Rule 105.14

Consistent with the principles set out in regulation 5.12 and except as otherwise provided in rule 105.16, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include:

(a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;

(b) Market research for identifying potential suppliers;

(c) Consideration of prudent commercial practices;

(d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation, such as requests for quotations. The Secretary-General shall issue administrative instructions

concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used. Such formal and informal methods of solicitation may be conducted by means of electronic data interchange, provided the Secretary-General has ensured that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information transmitted;

(e) Public bid openings; for purposes of bidding by means of electronic data interchange, the virtual opening of bids is considered public.

Rule 105.15

(a) When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to the United Nations.

(b) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.

(c) The Secretary-General may, in the interest of the United Nations, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Secretary-General shall then determine whether to undertake a new solicitation, to directly negotiate a procurement contract pursuant to rule 105.16 or to terminate or suspend the procurement action.

Rule 105.16

(a) The Secretary-General may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of the United Nations:

(i) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;

(ii) When there has been a previous determination or there is a need to standardize the requirement;

(iii) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to rule 105.17;

(iv) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;

(v) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;

(vi) When the proposed procurement contract is for the purchase or lease of real property and market conditions do not allow for effective competition;

(vii) When there is an exigency for the requirement;

(viii) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively;

(ix) When the Secretary-General otherwise determines that a formal solicitation will not give satisfactory results;

(x) When the value of the procurement is below the monetary threshold established for formal methods of solicitation.

(b) When a determination is made pursuant to paragraph (a) above, the Secretary-General shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

Rule 105.17

(a) The Secretary-General may cooperate with other organizations of the United Nations system to meet the procurement requirements of the United Nations, provided that the regulations and rules of those organizations are consistent with those of the United Nations. The Secretary-General may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together or the United Nations entering into a contract relying on a procurement decision of another United Nations organization or requesting another United Nations organization to carry out procurement activities on behalf of the United Nations.

(b) The Secretary-General may, to the extent authorized by the General Assembly, cooperate with a Government, non-governmental organization or other public international organization in respect of procurement activities and, as appropriate, enter into agreements for such purposes.

Rule 105.18

(a) Written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding specific thresholds established by the Secretary-General. Such arrangements shall, as appropriate, specify in detail:

(i) The nature of the products or services being procured;

(ii) The quantity being procured;

(iii) The contract or unit price;

(iv) The period covered;

(v) Conditions to be fulfilled, including the United Nations general conditions of contract and implications for non-delivery;

(vi) Terms of delivery and payment;

(vii) Name and address of the supplier.

(b) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before any electronic means of data interchange is used, the Secretary-General shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information transmitted.

Rule 105.19

(a) Except where normal commercial practice or the interests of the United Nations so require, no contract or other form of undertaking shall be made on behalf of the United Nations which requires a payment or payments on

account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded.

(b) In addition to paragraph (a) above and notwithstanding rule 105.2, the Secretary-General may, where necessary, authorize progress payments.

Rule 105.20

The Secretary-General is responsible for the management of the property, plant and equipment, inventories and intangible assets of the United Nations, including all systems governing their receipt, valuation, recording, utilization, safekeeping, maintenance, transfer and disposal, including by sale, and shall designate the officials responsible for performing property management functions.

Rule 105.21

Physical verification shall be carried out and records maintained of property, plant and equipment, inventories and intangible assets of the Organization, in accordance with policies established by the Secretary-General.

Rule 105.22

(a) The Secretary-General shall establish review bodies for Headquarters and other locations to render written advice in respect of loss, damage, impairment or other discrepancy regarding the property, plant and equipment, inventories and intangible assets of the United Nations. The Secretary-General shall establish the composition and terms of reference of such review bodies, which shall include procedures for determining the cause of such loss, damage, impairment or other discrepancy, the disposal action to be taken in accordance with rules 105.23 and 105.24 and the degree of responsibility, if any, attaching to any official of the United Nations or other party for such loss, damage or other discrepancy.

(b) Where the advice of a review body is required, no final action in respect of United Nations property loss, damage, impairment or other discrepancy may be taken before such advice is received. In cases where the Secretary-General decides not to accept the advice of such a body, he or she shall record in writing, the reasons for that decision.

Rule 105.23

Property, plant and equipment, inventories and intangible assets of the United Nations that are declared surplus, unserviceable or obsolete following a recommendation by a review body shall be disposed of, transferred or sold after competitive bidding, unless the review body:

(a) Estimates that the sales value is less than an amount to be specified by the Secretary-General;

(b) Considers that the exchange of property in partial or full payment for replacement equipment or supplies is in the best interest of the Organization;

(c) Deems it appropriate to transfer surplus property from one project or operation for use in another and determines the fair market value at which the transfer(s) shall be effected;

(d) Determines that the destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property;

(e) Determines that the interests of the United Nations will be served through the disposal of the property by gift or by sale at a nominal price to an intergovernmental organization, a Government or governmental agency or some other non-profit organization.

Article VI
Accounting

Rule 106.2

Responsibility for the accounts is assigned to the Secretary-General, who shall establish accounting systems.

Rule 106.5

(a) The Secretary-General shall establish the operational rates of exchange between the United States dollar and other currencies. The operational rates of exchange shall be used for recording all United Nations transactions.

(b) Receipts and payments in currencies other than the United States dollar shall be recorded on the basis of the operational rate of exchange prevailing on the transaction date. Any difference between the actual amount on exchange and the amount that would have been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange.

(c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to other expenses, while any positive balance on the account for "loss or gain on exchange" shall be credited to other/miscellaneous revenue.

Rule 106.7

(a) The Secretary-General may, after investigation, authorize the writing-off of losses of assets, including cash, receivables, property, plant and equipment, inventories and intangible assets. A summary statement of losses shall be provided to the Board of Auditors not later than three months following the end of the financial period.

(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Secretary-General.

Rule 106.8

Accounting and other financial records and all supporting documents shall be retained for established periods in accordance with policies after which, on approval of the Secretary-General, they may be destroyed.

5. The present amendments shall enter into force on 1 January 2019.

(*Signed*) António **Guterres**
Secretary-General